

# Exhibit 1

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Page 1

1 UNITED STATES DISTRICT COURT  
2 SOUTHERN DISTRICT OF NEW YORK  
3 CASE NO. 18-MD-2865 (LAK)

4 IN RE: )  
5 )  
6 CUSTOMS AND TAX ADMINISTRATION OF )  
7 THE KINGDOM OF DENMARK )  
(SKATTEFORVALTNINGEN) TAX REFUND )  
SCHEME LITIGATION )

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13 C O N F I D E N T I A L

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18 REMOTE VTC VIDEOTAPED EXPERT DEPOSITION UNDER ORAL

19 EXAMINATION OF

20 EMRE CARR

21

22 DATE: April 1, 2022

23

24

25 REPORTED BY: MICHAEL FRIEDMAN, CCR

CONFIDENTIAL  
Emre Carr - April 1, 2022

Page 12

1       E M R E   C A R R ,  
2                   called as an expert witness, having been  
3       first duly sworn according to law, testifies as  
4       follows:

5

6

7

8       EXAMINATION BY MR. WEINSTEIN:

9           Q     Good morning, Dr. Carr?

10          A     Good morning.

11          Q     Throughout the day today, I'll be  
12       asking you questions. And for the sake of  
13       Michael Friedman, the court reporter, please  
14       let me finish my questions before you answer  
15       and I will try to let you finish your answers  
16       before I go on.

17                If both of us fail or one of us  
18       fails on that, we will certainly hear about  
19       it from Mike. So let's do our best there.

20                If you have any trouble either  
21       understanding one of my questions or hearing  
22       my questions, please ask me to either clarify  
23       or to restate it so that when you do answer,  
24       we understand that you have understood the  
25       question and heard the question fully.

CONFIDENTIAL  
Emre Carr – April 1, 2022

Page 218

1 hypothetical, one possibility was for the  
2 short seller to borrow the shares.

3 Q Right. So when I said in that  
4 question that the short -- that the seller  
5 had no shares to deliver, that left some room  
6 in your mind as to whether the seller might  
7 have some shares to deliver?

8 MS. LICHTENSTEIN: Objection.

9 MR. WEINSTEIN: I'll withdraw it.

10 Q Let me give you this hypothetical,  
11 sir.

12 The same counterparties, DDC Cayman  
13 has agreed to sell 10,400 shares of Maersk  
14 stock to RJM Capital with a settlement date  
15 of April 17th. And then, on April 17th,  
16 DDC Cayman has no shares to deliver. Whether  
17 it owned them in the first place or borrowed  
18 them, it has zero.

19 Can that trade be settled by the  
20 custodian?

21 MS. LICHTENSTEIN: Objection.

22 A Well, again, the short -- the  
23 seller can -- can borrow the shares  
24 that -- that they are -- that they are  
25 selling, which is the nature of short

CONFIDENTIAL  
Emre Carr - April 1, 2022

Page 219

1 selling, and the transaction or transactions  
2 by the custodian settle on a net basis at the  
3 end of April 17th in your hypothetical.

4 Q So my hypothetical had the seller  
5 not getting any shares, either from its --  
6 what it already had or even from borrowing.

7 And you're saying it could be  
8 settled if the seller borrows?

9 MS. LICHTENSTEIN: Objection.

10 A Perhaps I cannot sort of comprehend  
11 the hypothetical that you are -- you are  
12 providing in a meaningful -- you know, in a  
13 realistic way. It's just a hypothetical,  
14 maybe.

15 And that's why I cannot provide a  
16 different or fuller answer than just saying  
17 the seller can have the shares and borrow the  
18 shares, and at the end of the day, the --  
19 the -- the custodian will effectively settle  
20 all the transactions on the -- settling on  
21 that day on a net basis.

22 Q So --

23 A And that process I describe in the  
24 report, you know, more fully.

25 Q So if the seller is able to borrow

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Emre Carr - April 1, 2022

Page 220

1 shares, would you agree with me that the  
2 seller has to receive those shares by  
3 delivery by the settlement date in order to  
4 fulfill its sale?

5 MS. LICHTENSTEIN: Objection.

6 (Whereupon a discussion was held  
7 off the record.)

8 THE VIDEOGRAPHER: The time is  
9 4:06 p.m. and we're going off the  
10 record.

11 (Whereupon a discussion was held  
12 off the record.)

13 (Brief recess taken.)

14 THE VIDEOGRAPHER: Stand by. The  
15 time is 4:21 p.m. and we're back on  
16 record.

17 Q Dr. Carr, if a custodian at the end  
18 of the day has customers who, in the  
19 aggregate, are long a stock, would you expect  
20 to see holdings of that stock at the  
21 sub-custodian level?

22 MS. LICHTENSTEIN: Objection.

23 A What you will be seeing at the  
24 sub-custodian essentially is driven by the  
25 net longs -- net of longs and shorts from the

CONFIDENTIAL  
Emre Carr - April 1, 2022

Page 221

1       custodian, meaning that -- and I discuss this  
2       in my report, I think at length, meaning that  
3       depending on whether longs exceed or shorts  
4       exceed, that's going to affect what you see  
5       at the sub-custodian. And if the net amount  
6       comes to essentially zero, you are not going  
7       to see moments of -- or, you know, entries  
8       made for the day in the -- in the  
9       sub-custodian accounts and -- as I discussed.

10               So it depends on not whether  
11       there's a long customer, but rather whether  
12       the net of the customers' longs and shorts,  
13       what that number is as net zero amount, if  
14       the long and shorts are equal, that amount  
15       would result in no parallel entries for  
16       securities or cash at the stock  
17       sub-custodians.

18               Q     So if at the end of a settlement  
19       date, and let's just take April 17, 2013 as  
20       an example of a settlement date, the  
21       custodian has 20 customers who have purchased  
22       Maersk stock and that stock's been delivered  
23       to those customers on the settlement date.

24               Where would one find those  
25       holdings?

CONFIDENTIAL  
Emre Carr - April 1, 2022

Page 222

1           A     Well, remember -- and again, I  
2     discuss these things at length in all  
3     reports.

4                     But shares are dematerialized in  
5     most cases, and in the cases of these Danish  
6     stocks in particular. And they're recorded  
7     in terms of electronic entries reflecting  
8     the -- you know, the dematerialized shares.

9                     And to your question, it doesn't  
10    matter whether it's 20 customers or ten  
11    customers, et cetera. What you are supposed  
12    to see is no -- no parallel entries in the  
13    sub-custodians if the longs and shorts are  
14    zero, net zero at the end of the day,  
15    and -- and the custodians' records will  
16    reflect the holdings of the shorts and longs  
17    of the custodians' customer accounts.

18                    So I think that's the answer to  
19    your question.

20            Q     Well, so you mentioned if the longs  
21    and shorts are net zero at the end of the  
22    day. So I just --

23            A     Netted to zero.

24            Q     Okay. So I just want to understand  
25    that.

CONFIDENTIAL  
Emre Carr - April 1, 2022

Page 223

1                   If, again, the custodian has 20  
2   customers for whom shares of Maersk stock  
3   were delivered today so now they are the  
4   owners of the stock, what other kind of  
5   positions would cause there to be no holdings  
6   reflected at the sub-custodian level on  
7   behalf of that custodian?

8                   MS. LICHTENSTEIN: Objection.

9           A    Well, you know, I don't think the  
10   number of customers has any particular  
11   implication here. And, you know, I think,  
12   you know, the -- I don't follow your use of  
13   the word "deliver" in that -- in that  
14   context.

15                   What -- the way it really works at  
16   the -- at the clearing organizations is they  
17   look at all the trades executed over the  
18   course of the day and what they are going to  
19   transact with the -- with other institutions  
20   depends on the net amount of the activity  
21   within their customers, among their  
22   customers.

23                   And if the net amount comes to  
24   zero, you're not going -- if the net amount  
25   comes to a positive number, you're going to

CONFIDENTIAL  
Emre Carr - April 1, 2022

Page 224

1       see corresponding cash and share movements  
2       with another institution. If the net amount  
3       comes to a negative number, you're going to  
4       see similar activity in the opposite  
5       direction of -- of the long, and if it  
6       happens to net to zero, then you're not going  
7       to see parallel movements of cash or  
8       securities at another sub-custodian or  
9       another financial institution,  
10      because -- because it netted to zero.

11               And like I said, I mean, that's  
12      a -- that's, you know, described at length in  
13      my reports.

14           Q     But just to be clear, sir, I'm not  
15      asking you whether the records at the  
16      sub-custodian would change based on the  
17      transactions that happened during the day,  
18      okay? I'm not asking you about that.

19               I understand your position  
20      is -- well, let me start over. Let me start  
21      with a hypothetical.

22               J.P. Morgan Chase is the  
23      sub-custodian for Solo Capital. At the  
24      beginning of the day, J.P. Morgan Chase's  
25      records says it's holding 1,000 shares of

CONFIDENTIAL  
Emre Carr - April 1, 2022

Page 225

1 Maersk on behalf of Solo Capital.

2 Okay?

3 A Okay. I mean, it's a  
4 hypothetical --

5 Q Okay.

6 A -- you are developing. Yes, I  
7 understand.

8 Q During that day, Solo Capital's  
9 customers trade in Maersk stock, but the  
10 positions they take offset to zero during  
11 that day. Okay?

12 And is what you're explaining that  
13 because those positions throughout the day  
14 net to zero, you won't see any parallel, you  
15 know, activity happening at the sub-custodian  
16 because on a net basis, essentially, nothing  
17 really happened at Solo Capital?

18 Right?

19 MS. LICHTENSTEIN: Objection.

20 A I'm trying to understand your  
21 hypothetical fully. But to the extent that  
22 we are dealing with a hypothetical, I  
23 think -- you know, I've plainly said that if  
24 the -- you know, what you expect to see in  
25 terms of parallel movements at sub-custodian,

CONFIDENTIAL  
Emre Carr - April 1, 2022

Page 226

1 J.P. Morgan or not, is -- is resulting from  
2 the net amount of the activity at the -- in  
3 your hypothetical at Solo.

4 Q If Solo Capital has a customer who,  
5 at the end of the day, owns stock, doesn't  
6 that holding need to be reflected at the  
7 sub-custodian?

8 MS. LICHTENSTEIN: Objection.

9 A Well, the -- the sub-custodian's  
10 records -- and we discussed this, I think  
11 twice today -- the sub-custodian's records  
12 are reflected on an omnibus level essentially  
13 for -- for Solo. So, you know, every time  
14 you ask a question about one individual  
15 customer or 20 individual customers  
16 in -- in -- separately from all of the  
17 customers of Solo, you know, I find it  
18 difficult to answer the question because  
19 that's not how it works.

20 It works on a -- on an omnibus or  
21 sort of combined portfolio, if you will,  
22 fashion.

23 Q Okay. So let me make it as simple  
24 as I can.

25 If Solo Capital has a single

CONFIDENTIAL  
Emre Carr - April 1, 2022

Page 227

1 customer by the name RJM Capital, and at the  
2 end of the day, RJM Capital owns 100 shares  
3 of Maersk stock, the sub-custodian's records,  
4 J.P. Morgan Chase, is going to reflect 100  
5 shares of Maersk stock on behalf of its  
6 customer, Solo Capital.

7 Correct?

8 MS. LICHTENSTEIN: Objection.

9 A You know, assuming that RJM  
10 purchased the shares sometime back and  
11 there's only one customer -- I mean, I'm  
12 trying to figure out -- you're looking at a  
13 very different situation than what we are  
14 analyzing. It's simpler, but it's different.  
15 So I don't want to misunderstand your  
16 hypothetical or your question here.

17 So, you know, Solo's aggregate  
18 activity is what's reflected on the  
19 sub-custodian's accounts. If that settlement  
20 activity amounts to zero, that's what you see  
21 at J.P. Morgan. If it's a negative, that's  
22 what you get -- you see reflected.

23 Q Sir, let -- just tell me if you can  
24 answer the question of if Solo Capital has a  
25 single customer that owns 100 shares of

CONFIDENTIAL  
Emre Carr - April 1, 2022

Page 228

1 Maersk stock at the end of the day, whether,  
2 at the sub-custodian level, it will show 100  
3 shares being held for Solo Capital.

4 And if there's something  
5 complicated in that hypothetical, let me  
6 know.

7 MS. LICHTENSTEIN: Objection.

8 A It's not complicated, it's the  
9 opposite. It's essentially -- you know, too  
10 bare bones. You know, it's not a realistic  
11 or fully developed hypothetical to have a  
12 -- to have an immediate answer.

13 I mean, that's what I was trying to  
14 articulate.

15 Q Can you answer the question that if  
16 Solo has a single customer who owns  
17 100 shares, would that holding be reflected  
18 at the sub-custodian level on behalf of Solo?

19 Can you answer that?

20 MS. LICHTENSTEIN: Objection, asked  
21 and answered. You've asked the same  
22 thing a couple times.

23 MR. WEINSTEIN: Okay. Let's see if  
24 he can answer it this time.

25 A I'm -- you know, at a minimum, I

CONFIDENTIAL  
Emre Carr - April 1, 2022

Page 229

1 need to know when that transaction took  
2 place, and whether it was -- its settlement  
3 process was completed, and so on and so  
4 forth. Under those circumstances, you will  
5 see an indication of the net long.

6 You know, your hypothetical implies  
7 that on a net basis, Solo's customers had one  
8 single long position and that's what you see  
9 reflected.

10 Q In the sub-custodian's records,  
11 that will be reflected.

12 Right?

13 A In the -- you know, with the  
14 additional description I've provided, right.

15 Q Is it your understanding that with  
16 respect to each of the purchases of stock in  
17 this case, the counterparties were always  
18 Solo Capital customers?

19 A I don't think the evidence in the  
20 SKAT expert reports ascertain that, that that  
21 is the case. But it may very well be so,  
22 because that's what they are claiming based  
23 on the amount of review -- limited amount of  
24 review and limited amount of documents  
25 that -- that they cited to. And I don't

CONFIDENTIAL  
Emre Carr - April 1, 2022

Page 230

1 think that they -- I'll just say that much.

2 So it's a possibility. It's not --

3 I don't think the -- it's a -- it's a -- you

4 know, it's a conclusion that has been -- I

5 don't think it's a finding that has been

6 fully supported.

7 Q Are you aware of any instance in  
8 which the -- a pension plan purchased stock  
9 from a counterparty external to the Solo  
10 platform?

11 A Well, I think you need to, you  
12 know, define what you mean by "external."  
13 Because, you know, there are a lot of these  
14 terms that are being used loosely.

15 So I don't want to misunderstand  
16 what you're saying now. I need the  
17 definition of "external" before I go ahead.

18 Q Are you aware of any instance in  
19 which a pension plan in this case purchased  
20 stock from a non-Solo customer?

21 MS. LICHTENSTEIN: Objection.

22 A I think in the transactions that  
23 I -- I reviewed, the transactional  
24 counterparties that -- that -- that have been  
25 able to -- I've been able to determine were